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ANNUAL REPORT

&

ACCOUNTS

For the Year Ended 30th June 2003

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**Annual Report and Accounts
for the year ended 30th June, 2003**

University of Nairobi

P.O. Box 30197
NAIROBI, Kenya
Telephone: 318262
Telegrams: Varsity
Telex: 22095



KENYA NATIONAL ASSEMBLY
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Chancellor and Principal Officers of the University

Chancellor:

Mr. Joseph B. Wanjui, MBS, B.A. (Ohio Wesleyan University), M.Sc. (Columbia), FKIM

Chairman Of the University Council:

DAVID P.S. WASAWO, M.A. (Oxon.), Ph.D.(London), Hon.D.Sc (K.U)

Vice-Chancellor:

C.M.KIAMBA, M.B.S., B.A.(Land Econ.)(Nairobi),M.SC.(Reading),Ph.D.(Cantab.),M.IS.K.,R.V

Deputy Vice-Chancellor (Administration and Finance):

G.A.O.MAGOHA, IOM.,M.B.B.S(Lagos),F..R.C.S.,F.W.A.C.S.,F.I.C.S.,F.I.B.A.,M.S.I.C.,F.M.C.S.(Urol.)

Deputy Vice-Chancellor (Academic):

F.A.KARANI (Mrs), O.G.W., B.A.(E.A),Dip.Ed.,M.A.(Nairobi),Ph.D.(Pittsburgh)

Principal, College of Agriculture and Veterinary Sciences:

D.M.MUKUNYA, D.M.,B.Sc.(Pomona,California),M.Sc.Agric.,Ph.D (Cornell)

Principal, College of Architecture and Engineering:

F.W.O.ADUOL,B.Sc.,M.Sc.(Nairobi),Dr-ing.(Stuttgart)

Principal, College of Biological and Physical Sciences:

R.K.MIBEY,B.Sc.(Warren),M.Sc.Appalanchian/S.U),D.Ed.(Oklahoma), Ph.D.(London)

Principal,College of Education and External Studies:

L.N.OMONDI (Mrs),M.B.S..B.A. (E.A.), Dip. Appl. Ling.(Edin.),B.Phil. (Nairobi), Ph.D.(London)

Principal, College of Health Sciences:

J.K.M.KITONYI, M.B.Ch.B, M.Med.(Nairobi,M.Sc.(London)

Principal, College of Humanities and Social Sciences:

I.M.MBECHE.,B.Ed.,M.A.(Nairobi),Ph.D(Lancaster)

Ag. Fiance Officer:

M.KARUE, B.Com(Nairobi), C.P.A.(K)

Ag. Administration Registrar:

AWORI Wa KATAKA, B.A.(E.A)

Academic Registrar:

M.M.GACUHI, B.A. (Nairobi)

University Librarian:

S.Mathangani, B.A. (E.A), PGDLS (Wales), M. PHIL (UCW Aberystwyth)

Ag.'Planning Registrar:

W.J.ASILLA, B.Ed(Nairobi), P.G.Diploma (Nairobi)

Bankers:

Barclays Bank of Kenya Ltd.

Kenya Commercial Bank Ltd.

Lawyers:

Daly and Figgis Advocates

Auditors:

Controller and Auditor General

VICE CHANCELLOR'S REPORT

FOR THE YEAR ENDED 30TH JUNE 2003

I am pleased to present the Annual Report and Accounts of the University of Nairobi for the financial year ended 30th June 2003.

As in the previous year, the University of Nairobi operated on a deficit. This is as a result of insufficient funding by the government. The adverse financial position notwithstanding, the University continued with its mission of teaching and research. The student population was 27,561 out of which 5,344 were postgraduates. However, the usual University of Nairobi graduation ceremony did not take place due to the prevailing stalemate between the University teaching staff and the government of Kenya, over the terms of service for staff.

During the year under review the University incurred a deficit of Kshs.203,043,381.00 compared to Kshs.202,193,163.00 for the year 2001/2002. The cumulative deficit for at 30th June 2003 was Kshs.2,043,360,877.00

The University continued to receive financial assistance for research from international donors. During the year under review a total of Kshs.304,290,241.00 was received as compared with Kshs.404,996,193.00 in the previous year.

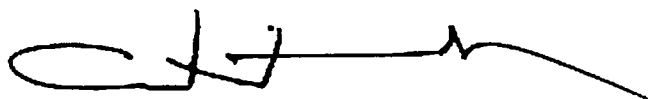
In line with government of Kenya policy to motivate medical staff, the University of Nairobi implemented and paid clinical allowance of Kshs.257,611,719.00 to medical and paramedical staff carrying out clinical duties, during the 2002/2003 financial year.

In the year 2002/2003 His Excellency Hon. Mwai Kibaki C.G.H., M.P., President and Commander in Chief of the Armed Forces, of the Republic of Kenya appointed Mr. Joseph Barage Wanjui as the Chancellor of the University of Nairobi.

On behalf of the University, I wish to take this opportunity to thank the government and our donors for financial support.

I also wish to thank the government for appointing a committee to look into the welfare of the staff of the University.

Finally, I would also like to express my thanks to the University community who worked tirelessly to ensure smooth operation of this institution.



**PROF. CRISPUS M. KIAMBA, M.B.S., B.A. (Land Economics) (Nairobi),
M.S.C. (Reading) PhD (Cantab), M.I.S.K., R.V.
VICE CHANCELLOR**



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE UNIVERSITY OF NAIROBI FOR THE YEAR ENDED 30 JUNE 2003

I have examined the financial statements of the University of Nairobi for the year ended 30 June 2003 in accordance with the provisions of Section 29 of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations considered necessary for the purpose of the audit. Proper books of account have been maintained by the University and the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, are in agreement therewith and comply with the University of Nairobi Act, 1985.

During the year ended 30 June 2003, the University incurred a deficit of Kshs.203,043,381 which brought the cumulative deficit to Kshs.2,043,360,977 as at the same date. As reported previously, the University was still facing serious financial problems attributed to lack of adequate funding from Government and as a result, the financial statements have been prepared on a going concern basis with the assumption that it will get continued financial support from the Government, creditors and bankers.

Except for the foregoing reservation, in my opinion, the financial statements when read together with the notes thereon present fairly the state of financial affairs of the University as at 30 June 2003 and of its cash flows and deficit for the year then ended.

A handwritten signature in black ink, appearing to be 'E. N. Mwai', written over a horizontal line.

E. N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi.


1 March, 2005

**Balance Sheet
as at 30th June 2003**

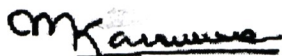
		2003 sh	2002 sh
FUNDS	Note		
Capital Fund	8	11,459,805,543	11,061,753,570
Net funds for Income Generating Units (UNES)	5	787,373,244	451,195,103
Net funds for Income Generating Activities	6	156,191,339	91,923,970
Trust and Endowment funds	7	114,054,171	107,289,426
Endowment for General Purposes		16,181,339	16,181,339
Special Accounts and Grants	8	237,080,496	156,884,332
Appropriation for specific purposes		100,000,000	99,357,017
General Revenue Account (Page 6 & 9)		<u>(2,007,608,701)</u>	<u>(1,694,482,031)</u>
		<u>10,863,077,431</u>	<u>10,289,650,713</u>
REPRESENTED BY:			
FIXED ASSETS			
Land Buildings and Equipment	5&9	<u>10,721,689,095</u>	10,779,150,312
Investments	10	76,505,253	72,916,064
		<u>10,798,194,348</u>	<u>10,852,066,376</u>
CURRENT ASSETS			
Stocks and stores	11	92,628,260	95,646,762
Debtors and Debit Balances	12	1,311,577,247	874,680,758
Short Term Deposits	13	648,628,366	201,996,067
Cash and Bank Balances	14	190,366,716	349,001,335
		<u>2,243,200,589</u>	<u>1,521,324,922</u>
Less CURRENT LIABILITIES			
Creditors and credit Balances	15	(2,178,317,506)	(2,083,740,585)
NET CURRENT ASSETS		<u>64,883,083</u>	<u>(562,415,663)</u>
		<u>10,863,077,431</u>	<u>10,289,650,713</u>



C.M. KIAMBA, M.B.S., M.Sc., Ph.D., M.I.S.K., R.V.
Vice-Chancellor



G.A.O. MAGOHA, IOM, M.B.S. (Lagos), FRCS, FWACS, FICS, FABI, MSIC, FMCS (Urol.).
Deputy Vice-Chancellor (Administration & Finance)



M. KARUE, B.COM., CPA(K)
Finance Officer (Ag.)

30th Dec. 2003

**General Revenue Account
for the year ended 30th June 2003**

INCOME	Note	2003 sh	2002 sh
Capitation grant	21	1,653,860,014	1,625,717,154
Special Grant		245,157,700	8,604,870
Tuition and other fees		261,503,755	264,493,649
Other services rendered		4,595,627	
Other income	16(i)	64,448,007	42,292,384
	16(ii)	171,366,536	176,070,244
	16(iii)	440,974,230	147,695,353
		<u>2,841,905,869</u>	<u>2,264,873,654</u>
EXPENDITURE			
Academic Departments	17(i)	1,524,636,378	1,502,471,890
Administration and Central Services	17(ii)	621,239,701	447,928,564
Academic services	17(iii)	112,734,948	83,185,380
General educational services	17(iv)	172,024,697	173,285,135
Maintenance of premises	17(v)	151,522,026	99,276,116
Staff and students facilities and welfare	17(vi)	89,336,165	59,499,039
Welfare authority (Catering services)	17(vii)	104,833,057	91,703,731
Miscellaneous expenditure	17(viii)	11,010,559	9,716,962
Exceptional Item		257,611,719	
		<u>3,044,949,250</u>	<u>2,467,066,817</u>
SURPLUS/ (DEFICIT) FOR THE YEAR		(203,043,381)	(202,193,163)
Accumulated surplus/(deficit) brought forward		(1,713,027,111)	(1,510,833,948)
Prior Year adjustment (UNES)	Note 22	(127,290,385)	0
Surplus/(deficit) for the year		<u>(203,043,381)</u>	<u>(202,193,163)</u>
Accumulated surplus/ (deficit) carried forward		<u>(2,043,360,877)</u>	<u>(1,713,027,111)</u>

**Cash Flow Statement
for the year ended 30th June, 2003**

	Note	2003 Shs	2002 Shs
Cash Inflows from Operating activities			
General Revenue Surplus/ (Deficit) for the year		(294,581,590)	(183,648,083)
Grants and other income allocated for Capital Fund	3	398,051,973	8,913,272,612
Endowment fund for General Puposos		0	0
Net funds for Income Generating Units (UNES)	5	336,178,141	202,398,027
Net funds from income Generating Activities	6	64,267,369	5,208,737
Trust and Endowment Funds	7	6,664,285	8,418,400
Additions to Special Accountant and Grants:-			
Overspent and claimable from Donors	8	80,196,164	(117,389,720)
Receipt for the year		304,290,241	404,996,193
Revaluation		0	(8,640,948,828)
Adjustment for Depreciation	9	169,207,000	177,158,887
Operating surplus/(deficit) before working Capital		1,064,273,583	769,466,225
Increase/(Decrease) in Stocks and Stores	11	3,018,502	(9,340,263)
Increase/(Decrease) in Debtors	12	(436,896,489)	67,405,485
Increase/(Decrease) in Creditors	15	94,576,921	1,547,366,253
		(339,301,066)	1,605,431,475
Net Cash Flow from Operating Activities		724,972,517	2,374,897,700
Cash Outflow from Investment Activities			
Appropriate for Specific Puposos		642,983	(95,833,855)
Expenditure from Trust and Endowment funds	7	0	
Expenditure from Special Accounts and Grants	8	293,947,760	282,672,685
purchase of Fixed Assets	5&9	138,794,905	128,995,268
Increase in Investments	10	3,589,189	5,203,737
		436,974,837	321,037,835
Net Increase/(Decrease) in Cash & Cash Equivalents		287,997,680	2,053,859,865
Analysis of Balances of Cash and Cash Equivalents			
Increase/(decrease) in short-term deposits		446,632,299	159,896,682
Increase/(decrease) cash and bank balances		(158,634,619)	1,893,963,183
		287,997,680	2,053,859,865

**Notes to the Accounts
for the year ended 30th June, 2003**

1. SIGNIFICANT ACCOUNTING POLICIES

- 1.1 The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.
- 1.2 Income from grants and fees includes only amounts receivable in relation to financial year 1997/98.
- 1.3 Income from Endowments and Donations, Research Grants and other services rendered is included only to the extent of the expenditure incurred during the year.
- 1.4 Income on short-term deposits is credited to the General Revenue Account or used for purchase of fixed assets and for capital minor works to the extent determined by the University Council during the year.
- 1.5 Fixed assets are stated at cost of professional valuation.
Depreciation is provided for at annual rates estimated to write off the assets over their expected useful lives. The annual rates are:
Furniture and Equipment - 10% on reducing balance method
Motor Vehicles - 20% on straight line basis
Academic gowns - 5% on straight line basis
Buildings -2% on a straight line basis
Computers and software development - 20% on straight line basis
Depreciation is charged to the Capital Fund.
Depreciation has not been provided on buildings and the gas plant as the replacement of these items becomes the subject of special grants when such replacement is necessary.
- 1.6 Endowment and Trust Fund investments are stated at market value.
- 1.7 Stocks are valued at the lower of cost and net realisable value.
- 1.8 The cost of Library books is written off to expenditure as incurred.
- 1.9 Revenue commitments represent goods and services ordered but not delivered at the end of the Financial year.
- 1.10 Appropriation for specific purposes represent revenue generated by the Colleges and unspent balances on certain votes, carried forward to meet expenditure in the ensuing year.
- 1.11 Deans Committee research grants are votes set aside from current and past financial years. The uncommitted balance on each research is carried forward until the related research project is completed.
- 1.12 The main pension scheme for the University's staff is the University of Nairobi Pensions Fund which was started from January 1, 1987. The University's contributions to this scheme have been charged to the relevant salaries votes. A small number of staff still remain in the U.K. based F.S.S.U. Pension Scheme.
- 1.13 Assets and liabilities in foreign currencies are converted into Kenya shillings at the rates of exchange ruling at the balance sheet date. Conversion differences are accounted for in the appropriation fund account.
- 1.14 Values for equipment donated are estimated by the University or as advised by donors.

2. OTHER CAPITAL FUND ASSETS

Funds reimbursable by the Ministry of Education
Other sources

	2003	2002
	Shs	Shs
	75,986,205	75,986,205
	180,370,332	2,099,038
	256,356,537	78,085,243

3. CAPITAL FUND

	2003	2002
	Sh.	Sh.
Balance as at 1st July 2002		11,061,753,570
Capital Receipts:		
Government receipts	0	
Motor Vehicles purchased from revenue budget	21,516,293	
Motor Vehicles Donated	947,150	
Furniture and Equipment donated	0	
Furniture and Equipment purchased from revenue budget	11,303,530	
Purchase of computers - Revenue	14,934,000	
Purchase of computers - Grants	3,740,000	
Work in progress	514,818,000	
Revaluation	0	567,258,973
Less:		11,629,012,543
Depreciation (Note 9)		169,207,000
Balance as at 30th June 2003		11,459,805,543

4. Investment in subsidiary company

(Wholly owned at cost)

University of Nairobi Enterprises and Services Limited (UNES)	100,000	100,000
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5. University of Nairobi Enterprises and Services Limited**Share Capital****Authorised**

5000 ordinary shares of shs 20 each	100,000	100,000
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Issued and fully paid

5000 ordinary shares of shs 20 each	100,000	100,000
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Surplus for the year	35,752,176	18,545,080
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35,752,176	18,545,080
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Surplus B/F	28,382,972	9,775,892
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64,135,148	28,320,972
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Fixed Assets

5,930,118	4,132,139
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Current Assets:

	Sh.		Sh.
Stock	1,193,229		1,165,096
Sundry Debtors	12,834,023		4,572,261
Short-term Investments	543,756,088		108,777,501
Bank Balances	(84,396,522)		95,182,455
	473,386,818		209,697,313
Net funds for Income Generating Units	787,373,244		451,195,103
Audit fees	300,000		150,000
Research Grants-Donors funded	887,304		5,288,690
Refundable Caution Deposits	26,336,820		17,526,733
Rent payable	0		394,457
Dividends payable	0		0
Staff emoluments Provision	13,692,915		11,477,912
Sundry Creditors-Cafeteria	0		391,725
Sundry Creditors-diagnostic Radiology	0		5,860,252
Other Provisions	100,000		0
University of Nairobi (Current Account)	(413,608,495)		(306,876,391)
Less Current Liabilities	415,081,788		185,408,481

Net Current Assets

58,305,030	24,288,833
sh. 64,235,148	28,420,972

6. INCOME GENERATING ACTIVITIES

Income and Expenditure Account for the Year Ended: 30th June 2003

	Balance B/F Sh.	Income Sh.	Expenditure Sh.	Surplus/ (Deficit) 2003 Sh.
College of Agriculture and Veterinary Sciences	12,140,869	22,315,195	29,693,293	4,762,771
College of Architecture and Engineering	(2,414,723)	28,503,289	20,114,430	5,974,136
College of Biological and Physical Sciences	22,136,884	35,437,672	10,423,585	47,150,971
College of Education and External Studies	29,871,587	11,615,635	7,725,460	33,761,762
College of Health Sciences	23,982,924	39,091,639	35,584,727	27,489,836
College of Humanities and Social Sciences	18,575,364	36,542,368	8,019,890	47,097,842
Central Adm. (Share of income from IGUs)	0	0		
Central Administration (Fuel station)	(12,353,536)	0	0	(12,353,536)
Health Services --Students Medical	(15,399)	12,393,400	10,070,444	2,307,557
TOTAL	91,923,970	185,899,198	121,631,829	156,191,339

7. TRUST AND ENDOWMENT FUNDS

	Balance As at 1 July 2002 Sh.	Receipts during the year Sh.	Increase/ (Decrease) in market Value of investment Sh.	Expenditure for the year Sh.	Surplus/ (Deficit) As at 30 June 2003 Sh.
Trust funds					
Gandhi Academic Society	12,097,010	13,098	1,028,297	0	13,138,405
Kenya Railways	662,903				662,903
A.C.I. De Souza Memorial	36,440	0			36,440
R.G. Amin Bursary	400,137	599	0	0	400,736
Kamala Gold Memorial	61,228		23,070		84,298
Tom Mboya Memorial	1,545,238	107,650	1,247,445	0	2,900,333
M.M. Bhatt Trust	103,866	0	0		103,866
TOTAL TRUST FUNDS	15,016,832	121,347	2,298,812	0	17,436,990
Endowment Funds:					
Sasakawa Fellowship	79,566,726	2,930,977	1,290,377	0	83,788,080
Others	9,472,632	22,772	0	0	9,495,404
TOTAL ENDOWMENT FUNDS	89,039,358	2,953,749	1,290,377	0	93,283,484
Non Attributable Funds	3,329,554	0	0	0	3,329,554
TOTAL FUNDS	107,289,426	3,075,096	3,589,189	0	114,054,171

8. SPECIAL ACCOUNTS AND GRANTS

	Balance as at 1st July 2002	Received during year	Expenditure during year	Balance as at 30th June 2003
	Sh.	Sh.	Sh.	Sh.
Ford Foundation	5,318,261	6,606,609	3,663,511	8,461,359
Rocketspeller Foundation	6,561,711	35,832,058	26,023,940	16,369
International Development Research Centre	3,881,902	1,127,730	669,010	4,340,622
National Council for Science & Technology	97,399	0	0	97,399
DAAD	(3,667,029)	1,867,409	2,229,504	(4,029,124)
World Health Organisation	(310,982)	1,524,313	1,875,207	(661,886)
VLIR	639,632	24,206,500	17,977,274	6,870,858
International Aids Vaccine	27,196,236	47,069,000	106,566,716	(34,274,480)
World Trade Organisation	10,585,994	28,516,360	35,540,421	3,571,983
CIAT	0	5,178,488	2,645,147	2,533,341
Centre for Disease Control	0	0	1,445,696	(1,445,696)
Miscellaneous	20,476,662	152,139,744	93,318,332	79,300,274
Balance net of overspent amounts	70,791,976	304,290,241	293,947,760	81,134,457
Amount overspent and claimable from donors	85,539,863			155,946,039
Gross balance at year end	156,331,839	304,290,241	587,895,520	237,080,496

9. FIXED ASSETS

	Land	Buildings	Work in Progress	Furniture and Equipment	Computers	Gas Plant	Motor Vehicles	Academic Gowns	Totals
	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.	Sh.
Cost Valuation									
1st July 2002	4,950,057,610	4,951,369,006	457,312,296	912,182,974	0	361,000	233,120,704	5,931,525	11,510,374,977
Additions	0	0	57,506,000	11,304,000	18,674,000	0	22,483,000	0	109,947,000
30th June 2003	4,950,057,610	4,951,369,006	514,818,296	923,486,974	18,674,000	361,000	255,583,704	5,931,525	11,620,321,977
Depreciation									
1st July 2002	0	99,028,000	0	422,606,000	0	0	209,226,402	4,494,000	735,356,000
Charge for the year	0	99,028,000	0	50,066,000	3,734,000	0	16,060	297,000	169,207,000
30th June 2003	0	198,056,000	0	472,672,000	3,734,000	0	209,242,462	4,791,000	904,563,000
Net Book Value	4,950,057,610	4,753,343,006	514,818,296	450,800,974	14,940,000	361,000	48,341,242	1,140,525	10,715,758,977
30 June 2003									
30 June 2002	4,950,057,610	4,852,371,026	456,312,296	459,564,682	0	360,660	23,894,302	1,437,395	10,775,018,173

Notes:

- i) Additional to motor vehicles were obtained through donations and purchased from revenue budget during the year
- ii) Land and Buildings previously registered in the name of the Government and exclusively used by the University have been transferred to the University but title deeds are not yet ready.

10. TRUST AND ENDOWMENT FUNDS INVESTMENTS

		2003 Sh.	2002 Sh.
TRUST FUND - SPECIAL ACCOUNTS			
£13,500 6 1/4% Kenya Government Stock			
£9,530 11% Kenya Government Stock			
£4,650 9 1/2% Kenya Government Stock	2006	99,980	99,980
Kenya Breweries Limited			
6,676 Ordinary shares of Shs.10/- each		920,046	550,770
Car and General (Kenya) Limited			
15,222 Ordinary shares of Shs.5/- each		133,954	152,220
C.M.C. Holdings Limited			
6,296 Ordinary shares of Shs.5/- each		281,746	74,293
Unga Limited			
3,198 Ordinary shares of Shs.5/- each		346,823	13,104
Kenya Power and Lighting Co. Limited			
1,118 Ordinary shares of Shs.20/- each		35,776	9,671
		<u>1,818,325</u>	<u>900,038</u>
R.G. Amin Bursary Fund			
£700 9 1/2% Kenya Government Stock	2006	15,060	15,060
Lonrho Motors (E.A.) Limited			
942 Ordinary shares of Shs.5/- each		12,152	12,152
		<u>27,212</u>	<u>27,212</u>
M.M. Bhatt Trust Fund		0	0
Kamala Gold Memorial Fund			
Kenya Power & Lighting Co. Limited			
988 Ordinary shares of Shs.20/- each		31,616	8,549
Tom Mboya Memorial Fund			
Kenya Breweries Ltd.			
8,527 Ordinary shares of Shs.10/- each		1,964,618	703,478
		<u>0</u>	<u>0</u>
INVESTMENT NOT ATTRIBUTABLE TO ANY PARTICULAR FUND			
Total of Trust Fund Investments		<u>3,938,089</u>	<u>1,639,277</u>
Endowment Fund			
£6,970 11% Kenya Government Stock	2000	0	
£4,650 9 1/2% Kenya Government Stock	2006	99,980	99,980
Lonrho Motors (E.A.) Limited			
40,520 Ordinary shares of Shs.5/- each		522,708	522,708
		<u>622,688</u>	<u>622,688</u>
Stg.£588,166.09 Sasakawa Fellowship Fund		71,944,476	70,654,099
Other Endowment Funds		622,688	622,688
Total of Endowment Fund Investments		<u>72,567,164</u>	<u>71,276,787</u>
Total Trust and Endowment Fund Investments		<u>76,505,253</u>	<u>72,916,064</u>

	2003 Sh.	2002 Sh.
11. STOCKS AND STORES		
General Stocks	76,440,980	79,535,891
Dental Materials	6,486,256	6,326,542
UNES	1,193,229	1,165,100
SWA stocks	8,507,795	8,619,229
	<u>92,628,260</u>	<u>95,646,762</u>
12. DEBTORS AND DEBIT BALANCES		
Sundry debtors	1,046,290,093	687,685,374
Specific puposes revenue grants	155,946,039	85,539,883
Capital fund	78,085,242	78,085,242
Withholding Tax (Claimable)	200,428	200,400
UNES (Notes 5)	12,834,023	4,572,260
Students Welfare Authority (SWA)	20,821,981	21,198,118
	<u>1,314,177,806</u>	<u>877,281,277</u>
Less: Provision for bad & doubtful debts	(2,600,559)	(2,600,559)
	<u>1,311,577,247</u>	<u>874,680,718</u>
13. SHORT TERM DEPOSITS		
Joint Admissions Board	12,000,000	12,000,000
Recurrent Grants	3,127,420	0
Nairobi University Press	0	3,670,667
Colleges	41,681,609	43,681,609
Specific purposes revenue grants	42,276,875	26,432,575
Trust and Endowment funds	247,707	1,895,049
UNES (Note 5)	543,756,088	108,777,500
Students Welfare Authority	5,538,667	5,538,667
	<u>648,628,366</u>	<u>201,996,067</u>
14. CASH AND BANK BALANCES		
Recurrent grants	186,639,840	190,492,306
Nairobi University Press	755,984	(1,309,984)
Colleges	61,385,722	53,371,976
UNES (Note 5)	(84,396,522)	95,182,455
Cash in hand	11,323,177	0
SWA Balances	14,658,515	11,264,582
	<u>190,366,716</u>	<u>349,001,335</u>
15. CREDITORS AND CREDIT BALANCES		
Sundry Creditors	936,983,183	815,469,733
Statutory Deductions - payroll	1,601,348,032	1,516,636,118
Provision for staff gratuities	19,917,767	24,199,164
Deans Committee research grants	693,319	431,692
Amounts due to contractors	1,803,805	1,803,805
UNES (Note 5)	(413,608,495)	(306,876,391)
SWA Balances	31,179,895	32,074,464
	<u>2,178,317,506</u>	<u>2,083,738,585</u>
16. INCOME		
(i) Other Services Rendered		
Services Units	64,448,007	42,292,384
	<u>64,448,007</u>	<u>42,292,384</u>
(ii) Other Income		
House Rents	70,511,419	64,122,533
lib Central Services		
Hire of Transport	10,500	5,000
Income from telephone, telex and fax	713,434	908,388
Library services	117,997	33,094
Sale of Uniforms - Tailoring Unit	0	0
Sale of Mobile Phones	439,500	0
Hire of Academic Gowns	0	0
	<u>1,281,431</u>	<u>946,482</u>

	2003 Sh.	2002 Sh.
ilic Miscellaneous		
Income from endowment fund	3,327,777	749,108
Health Services	312,651	86,488
Agency fees (insurance & Hire purchase)	667,832	402,575
Printing and photocopying (Personnel Div)	600	0
Staff Education Support Fund	2,200	32,400
Loan Defaulters Interest	13,275	0
Miscellaneous	1,534,231	494,218
SWA General income	93,715,121	105,547,253
	<u>99,573,687</u>	<u>107,312,042</u>
	<u>171,366,536</u>	<u>172,381,057</u>
Grants overhead charges	14,588,152	0
Transfer of Funds from UNES:		
Management & support services	87,890,289	46,069,856
Payroll supplementation	0	30,000,000
Rates and Ground Rents	10,203,808	1,041,584
Funds to pay creditors	191,175,770	41,171,000
Purchase of motor vehicles	20,715,000	11,298,807
Research Grants-Internal	17,917,619	9,000,000
Library	7,468,442	0
Physical spce and Development	33,940,167	0
Debt reduction - Pension	297,923,399	0
Medical support fund	19,835,664	2,036,305
Others	7,446,981	4,357,216
	<u>709,105,291</u>	<u>144,974,768</u>
17. EXPENDITURE		
(i) Academic Departments		
Personal Emoluments	8,249,666	784,672,241
House allowance	587,591,884	596,369,595
Teaching Practice C.E.E.S. Kikuyu	3,833,058	4,520,686
Teaching and Office Expenses	43,897,149	40,629,964
Travelling and Transport	26,839,558	27,085,781
Equipment and Furniture	5,919,569	3,094,961
Expenditure from service units	54,060,494	46,098,662
	<u>1,524,636,378</u>	<u>1,502,471,890</u>
(ii) Central Administration and Central Services		
Personal Emoluments	142,365,695	133,418,387
Management and support services	109,172,126	0
House Allowance	110,103,996	101,401,148
Travelling and Transport	15,218,314	13,312,260
Purchase of Motor Vehicles	21,516,293	17,508,807
Equipment and Furniture	5,796,783	13,214,036
Publishing and Printing	3,226,750	1,892,415
Purchase of Uniforms	293,382	689,500
Purchase of Stationery	23,191,025	20,241,071
postal and telegram expenses	640,734	572,750
Telephones	34,055,204	24,795,018
Computer Charges	2,283,078	203,180
Insurances	35,014,949	9,691,230
Council Meetings and ceremonial expenses	1,152,245	395,196
Conference and seminars	31,652,174	50,627,455
Subscriptions	8,288,630	1,055,476
Bank charges	738,554	4,338,960
Audit fees	1,700,000	1,500,000
Fees, commission & Honoraria	1,467,927	13,968,145
Official entertainment	335,120	71,900
Transport operating expenses	16,167,723	15,918,863
Graduation Expenses	10,940,786	6,068,273
University Choir Expenses	3,267,125	5,776,227
Funeral Expenses	795,369	795,540
V.C'S Committee on Terms of service	0	2,599,235
Legal fees	6,208,857	6,515,098
Contracted security services	19,789,863	0
Purchase of computers	13,911,755	0
Other expenses	1,945,244	1,358,394
	<u>621,239,701</u>	<u>447,928,564</u>

	2003 Sh.	2002 Sh.
(iii) Academic Services		
Library: Personal Emoluments	59,169,474	59,784,985
Books and Periodicals	25,625,088	1,919,220
Sundry Charges	3,752,921	0
Computer Services		
Personal Emoluments	23,848,148	21,479,595
Consumables	339,317	1,580
	<u>112,734,948</u>	<u>83,185,380</u>
(iv) General Educational expenditure		
Examinations stationery	7,529,747	11,215,253
External Examiners	7,380,907	3,270,018
Postgraduate Bursaries	25,385,031	26,584,769
Research and Publications	11,545,745	10,338,981
Staff Development	12,644,812	10,614,997
House to Office Transport Allowance	88,618,432	89,824,559
Passages and leave Travelling Expenses	18,920,023	21,436,558
	<u>172,024,697</u>	<u>173,285,135</u>
(v) Maintenance of Premises		
Rents and Rates	17,286,178	13,301,489
Electricity, water and conservancy maintenance of Buildings	103,414,009	59,977,330
	30,821,839	25,997,297
	<u>151,522,026</u>	<u>99,276,116</u>
(vi) Staff and Students facilities and welfare		
University Medical Scheme	70,071,002	49,883,580
Recruitment Expenses	6,834,667	6,732,382
Furniture for Staff Houses	0	3,006
Travelling outside Kenya	3,256,384	170,810
Sports and Equipment (Inter-University)	2,967,647	2,109,677
Students Associations	6,206,465	599,584
	<u>89,336,165</u>	<u>59,499,039</u>
(vii) S.W.A (Catering & Accomodation Services)		
Purchase of Foodstuff	54,837,172	43,823,946
Gas and Fuel	0	0
Electricity, Water and Conservancy	30,756	1,521,990
Purchase of Equipment	1,367,017	93,318
Maintenance of plants, Machinery Equipment	635,164	52,928
Maintenance of Buildings & Stations	1,176,200	157,469
Halls and Wardens Expenses	22,373,811	23,625,615
Other Expenses	24,412,938	22,428,465
	<u>104,833,058</u>	<u>91,703,731</u>
(viii) Miscellaneous Expenditruue		
Maintenance of Equipment	6,973,542	6,925,632
Nairobi A.S.K. Show	4,037,017	2,719,330
Ngong forest Project	0	0
Retrenchment Expenses	164,066	499,925
	<u>11,174,625</u>	<u>10,144,887</u>

18. CONTINGENT LIABILITIES

(i) Guarantees provide to the banks of employees:

Car Loans	856,612	4,636,556
Housing Loans	922,572	0
Furniture Loans	0	0
Short-term loans	0	0
	<u>1,779,184</u>	<u>4,636,556</u>

(ii) There is a pending law suit against the University filed in the High Court of Kenya by former employees who were retrenched by the University in March 2001. The claim is for damages amounting to about Ksh 279 million. The University has entered it defence.

19. CAPITAL COMMITMENTS

Capital Expenditure authorised by the council but not provided for in these accounts: contracted

Not contracted

	0	28,848,000
	<u>212,994,000</u>	<u>7,100,000</u>
	<u>212,994,000</u>	<u>35,948,000</u>

20. Legal Status

The University is a body corporate established in Kenya under the University of Nairobi Act (Cap 210). The University of Nairobi Act No. 11 which is University of Nairobi Successor to the 1970 Act became effective on 6th September, 1985.

21. Exceptional Item

Special grant and exceptional item relate to the Clinical allowances for staff in the college of Health Sciences approved by the Government later during 2002/2003 financial year. The amount payable is Kshs 245,157,700.00 as at 30th June 2003

2.2 Prior year adjustment.

The amount related to unremitted pension contribution arrears (Kshs 93,691,426) and management and support expenditure arrears Kshs 33,598,959 for the financial year 2001/2002 omitted from the accounts of the relevant year.

SUPPLEMENTARY ACCOUNTS

University of Nairobi Enterprises and Services Limited

Income and Expenditure Account for the Year Ended 30th June 2003

Income	Sh.
Management fees	89,704,425
Grants from UON	0
	<u>89,704,425</u>
	<u>53,952,249</u>
	<u>35,752,176</u>

Less Expenses

Surplus income over expenditure
Income Generating Projects (Managed by UNES)

	Balance as at 1st July 2002	Income	Expenditure	Surplus/Deficit
	Sh.	Sh.	Sh.	Sh.
Chiromo Funeral Parlour	38,359,512	19,268,200	11,912,515	45,715,197
Main Cafeteria	(3,676,351)	11,696,099	12,765,662	(4,745,914)
Bakery Unit	(7,269,745)	1,914,745	2,594,259	(7,949,259)
Bakery Unit	(8,037,338)	0	0	(8,037,338)
Stella Awinja Guest House	3,466,287	0	0	3,466,287
Stella Awinja Kitchen	(2,063,524)	0	0	(2,063,524)
Diagnostic Radiology	4,518,592	19,859,940	12,972,995	11,405,537
Others	9,839,900	44,871,054	30,718,201	23,992,753
	<u>35,137,333</u>	<u>97,610,038</u>	<u>70,963,632</u>	<u>61,783,739</u>
Other Activities-investments & sale of detergent	0	21,697,595	1,171,702	20,525,894

Parallel Programmes

Faculty of Commerce	217,630,809	276,135,137	94,626,442	399,139,504
L.L.B.	117,181,438	98,091,769	54,484,627	160,788,580
Institute of Nuclear Science	(4,649,723)	6,781,800	3,997,325	(1,865,248)
College of Health Sciences-Medicine	198,269,303	279,236,063	137,353,834	340,151,532
Faculty of Commerce	32,787,675	48,143,160	17,969,726	62,961,109
Faculty of Dental Sciences	13,388,220	15,608,226	6,761,119	22,235,327
Faculty of Arts	74,995,034	166,382,201	59,864,332	181,512,903
Faculty of Education	50,579,917	84,720,348	29,480,975	105,819,290
Faculty of External Studies	55,405,007	110,425,085	39,564,040	126,266,052
Faculty of Engineering	28,288,757	34,423,958	15,311,514	47,401,201
Institute of Computer Science	10,350,812	35,406,138	21,232,760	24,524,190
Faculty of Science	31,339,434	44,731,618	26,260,613	49,810,439
Faculty of Social Sc- Psychology	16,276,625	24,264,136	9,355,901	31,184,860
Faculty of A.D.D	12,493,395	25,172,503	13,281,518	23,049,463
Faculty of Vet. Medicine	282,136	23,206,487	12,650,419	3,149,592
Faculty of Agriculture	7,308,555	5,761,540	2,894,084	19,199,540
	<u>861,927,394</u>	<u>1,278,490,169</u>	<u>545,089,229</u>	<u>1,595,328,334</u>

Summary of service units income and expenditure for the year ended 30th June 2002

	Income	Expenditure	Surplus/ (Deficit) 2002	Surplus/ (Deficit) 2003
	Sh.	Sh.	Sh.	Sh.
Bookshop	59,068,989	49,091,288	9,977,701	(4,376,435)
Duplicating and Printing	3,196,691	2,193,326	1,003,365	1,039,588
Kabete Garage	0	0	0	(584,416)
Nairobi University Press	2,182,327	2,775,881	(578,854)	(279,695)
	<u>64,448,007</u>	<u>54,060,495</u>	<u>10,402,212</u>	<u>(4,200,958)</u>

Surplus/(Deficit) for the year

**Bookshop Revenue Account
for the year ended 30th June 2003**

	2003	2002
	Sh.	Sh.
Sales	59,081,519	38,703,533
Less cost of Sales:		
Stock 1 July 2001 (see below)	29,705,391	28,359,784
Purchases	43,020,058	36,842,508
	72,725,449	65,202,292
Stock 30 June 2002 (see below)	(32,610,176)	(29,705,391)
Cost of sales	40,115,273	35,496,901
Gross furplus for the year	18,953,716	3,206,632
Less Expenditure:		
Personal Emoluments	7,026,730	6,240,699
Office & Travelling Expenses	1,949,285	635,546
	8,976,015	6,876,245
Net surplus (deficit) for the year	9,977,701	(3,669,613)

Notes:

1. Stocks stated above for 2002/2003 are net of an obsolescence provision of Sh. 1,158,020
2. The personal emoluments expenditure of Sh. 7,026,730 relating to Bookshop is covered by the Government grant for the University's personal emoluments vote.

Summary of Approved Estimates for the year ended 30th June 2003

	Approved Estimates 2002/2003 Sh.	Actual 2003 Sh.	Actual 2002 Sh.
Personal Emoluments	820,000,000	734,775,562	727,782,756
UNES Management & Support Allowances	480,000,000	109,172,126	0
Gratuity and Pension contribution	140,000,000.00	149,958,388	157,173,784
House Allowance	757,500,000	731,986,368	732,862,893
Other Personal Allowances	61,000,000	61,732,898	79,306,518
House to Office Transport allowance	96,000,000	88,618,432	89,824,559
Passage and Leave Expenses	46,640,000	18,920,023	21,436,558
Transport Operating Expenses	25,000,000	16,167,723	15,918,863
Travelling and Accommodation Expenses	45,000,000	42,109,629	40,399,621
External Travelling and Accommodation	4,000,000	3,256,384	170,810
Teaching Practice	8,000,000	3,833,058	4,520,686
Postal and Telegram Expenses	1,000,000	640,734	572,750
Telephone Expenses	28,000,000	35,993,559	24,795,018
Official Entertainment	2,000,000	335,120	71,900
Electricity, Water and Conservancy	110,000,000	103,414,009	59,977,330
Purchase of Supplies for Production	90,000,000	43,978,299	40,629,964
Publishing and Printing Expenses	3,508,000	3,226,750	1,892,415
Purchase of Uniforms and Clothing	5,800,000	293,382	689,500
Library Expenses	33,000,000	29,378,009	1,919,220
Purchase of Stationery	12,000,000	30,720,771	31,456,324
Advertising and Publicity (Recruitment)	10,000,000	6,834,667	6,732,382
Sports and Equipment (Inter-University)	3,000,000	2,967,647	2,109,677
Audit Fees	1,700,000	1,600,000	1,500,000
Payments of Rent and Rates Residential	25,000,000	17,286,178	13,301,489
Computer Charges	2,000,000	228,3078	203,180
Hire of Transport Plant and Machinery	350,000	0	0
Miscellaneous Other Charges	82,930,687	87,682,595	32,196,139
Fees, Commission and Honoraria and Graduation	0	1,467,927	26,601,185
Staff Development	14,000,000	12,644,812	10,614,997
Senate, Council and Graduation Expenses	39,500,000	11,976,985	0
Conference and Seminars	0	31,652,174	50,627,455
University Medical Scheme	60,000,000	70,071,002	49,712,384
Postgraduate Programmes	25,000,000	25,385,031	26,584,769
University Research Programme	12,000,000	11,545,745	10,338,981
Compensation and Ex-Gratia payments	500,000	0	0
Purchase of Motor Vehicles	30,000,000	21,516,293	17,508,807
Purchase of Plant and Equipment	20,000,000	11,464,667	16,308,997
Purchase of Computers	10,000,000	13,911,755	0
Maintenance of Plant, Machinery and Equipment	5,000,000	6,973,542	6,925,632
Maintenance of Buildings and Stations	40,000,000	30,821,839	25,997,297
Maintenance of Water Supplies and Sewerage	0	0	0
Play Grounds	0	0	0
Students Welfare Authority	87,000,000	104,833,058	91,703,731
Management services (UNES)	51,000,000	0	0
Staff Education Support Fund	18,000,000	0	0
External Research Grants	300,000,000	0	0
Other Service Units	23,500,000	54,060,494	46,098,662
External Degree Programme	0	0	0
Students Associations	0	6,206,465	599,584
	3,628,928,687	2,741,697,178	2,467,066,817

Income:

Capitation	1,653,860,014
Tuition Fees	323,500,000
Other Income	640,893,000
Module II Income	1,000,000,000
Net Expenditure	<u>3,628,928,687</u>
Total Income	<u>3,618,253,014</u>

Surplus/Deficit

(10,675,673)

**Summary of Actual Expenditure
for the year ended 30th June 2003
Students Welfare Authority (SWA)**

	Actual 2003 Sh.	Actual 2002 Sh.
Transport Operating Expenses	222,328	205,704
Travelling and Accommodation expenses	236,187	165,151
Telephones	1,061,007	1,769,424
Postal and Telegram	11,100	7,400
Official Entertainment	0	0
Electricity, Water and Conservancy	30,756	1,521,990
Publishing and Printing Expenses	705,080	549,200
Purchase of Uniforms and Clothing	121,488	354,810
Purchase of Stationery	11,075,377	7,255,418
Computer Charges	175,250	227,604
Miscellaneous Other Charges	5,941,119	6,448,413
Bank Charges	15,479	240,299
Staff Development	152,500	168,614
Conferences and Seminars	446,550	5,560
University Medical Scheme	1,668,820	1,138,989
Fees, Commission and Honoraria	207,088	1,752,057
Purchase of Plant and Equipment	1,367,016	93,318
Maintenance of plant, Machinery and Equipment	635,164	52,928
Maintenance of Buildings and Station	1,176,200	157,469
Halls Wardens Expenses	22,373,812	23,625,615
Maintenance of Water Supplies and Sewerage	0	0
Contracted Professional Services	235,318	22,116
Gas and Fuel	0	0
Students Amenities	0	9,920
Laundry Expenses	1,800	0
Cleaning Materials	2,136,447	2,107,786
Main Students Centre Purchase	0	0
Purchase of Food	54,837,172	43,823,946
	104,833,058	91,703,731

Other information (5 year Trend)

I) General Revenue Statistics

The following table show changes in the percentage distribution of income and expenditure over the last five years.

	2002/2003	2001/2002	2000/2001	1999/2000	1998/1999
	%	%	%	%	%
Income					
Government Grants	67	72	64	75.8	77.5
Tuition and other fees	10	12	11	15.1	15.2
Other services rendered	6	2	1.1	1.4	1.3
Other income	17	14	23.9	7.7	6
	100.0	100.0	100.0	100.0	100.0
Total Income	2,826,834,526	2,264,873,654	2,492,478,703	1,953,243,253	1,778,201,527
Expenditure					
Academic Departments	22	18.2	20	24.6	25.8
Administration and Central Services	3.6	3	3	3.3	3.1
Academic Services	5.5	7	8	8.5	9.5
General Educational Services	4.8	4	3	4.6	4.3
Maintenance of Premises	8	0.5	17	0.1	0.1
Miscellaneous expenditure	2.8	2.5	2.5	2	2.6
Staff and students facilities and Welfare	3.3	3.8	3.5	6.5	4.0
	100	100	100	100	100
Total Expenditure	2,632,118,520	2,467,066,817	2,632,118,520	2,198,764,355	2,141,124,233

ii) Capital Development Statistics

Receipts

Government Grants - Constructions					
- Fixed Assets	0	0	0	0	9,136,639
External Grants - Constructions					
- Fixed Assets	4,687,150	2,100,000	7,426,656	293,079,494	14,111,074
	4,687,150	2,100,000	7,426,656	293,079,494	23,247,713

Expenditure

Construction	0	457,312,298	0	410,641,374	410,266,161
Purchase of fixed assets	52,441,000	126,132,458	26,277,645	312,801,999	17,280,819
	52,441,000	583,444,756	26,277,645	723,443,373	427,546,980

iii) Research Grants, Endowment & Donations Statistics

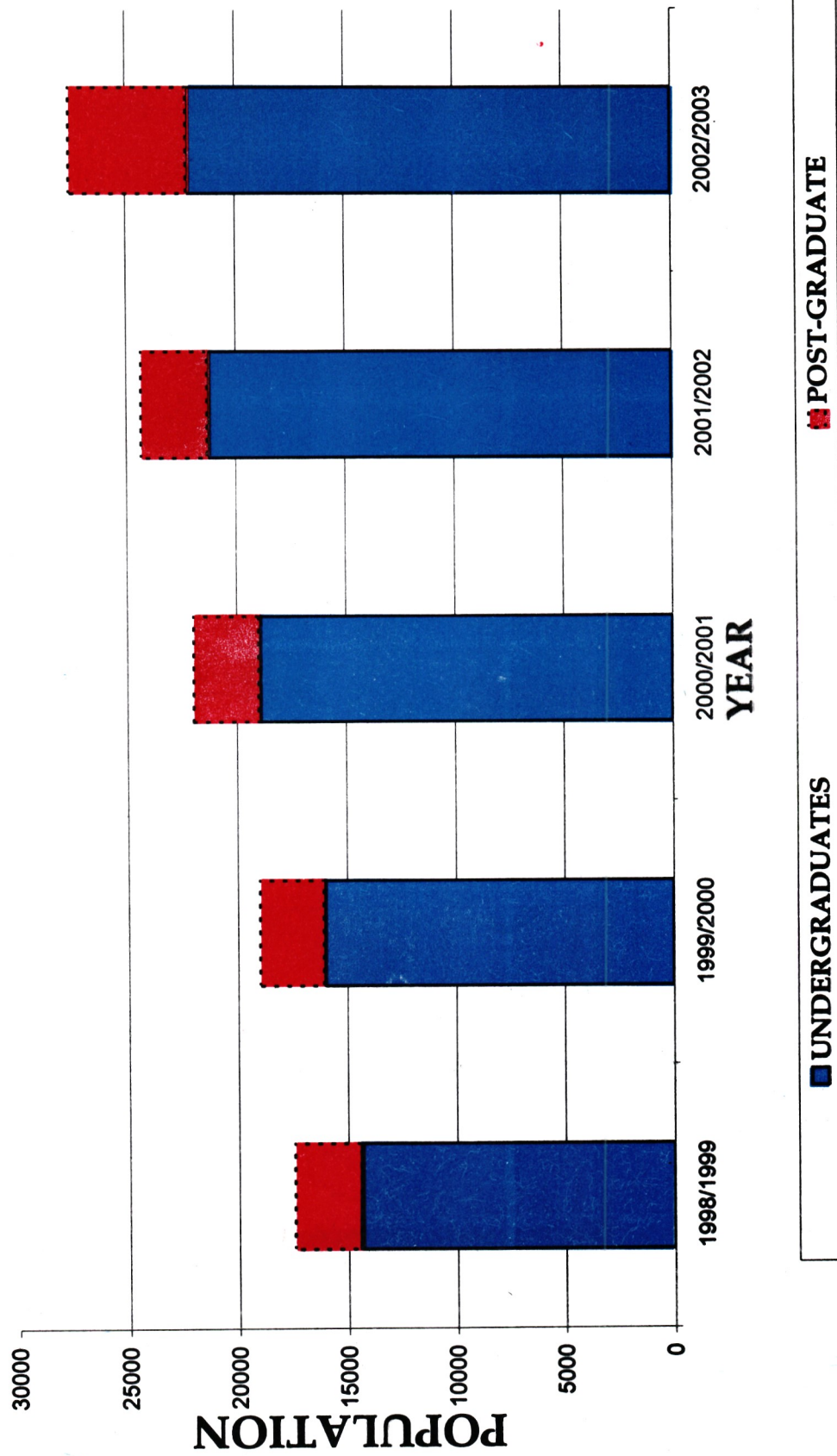
Receipts

Research grants	304,290,241	404,996,193	216,556,264	202,660,698	114,958,414
Endowment and donations	3,075,096	3,213,083	6,976,007	6,993,796	9,772,326

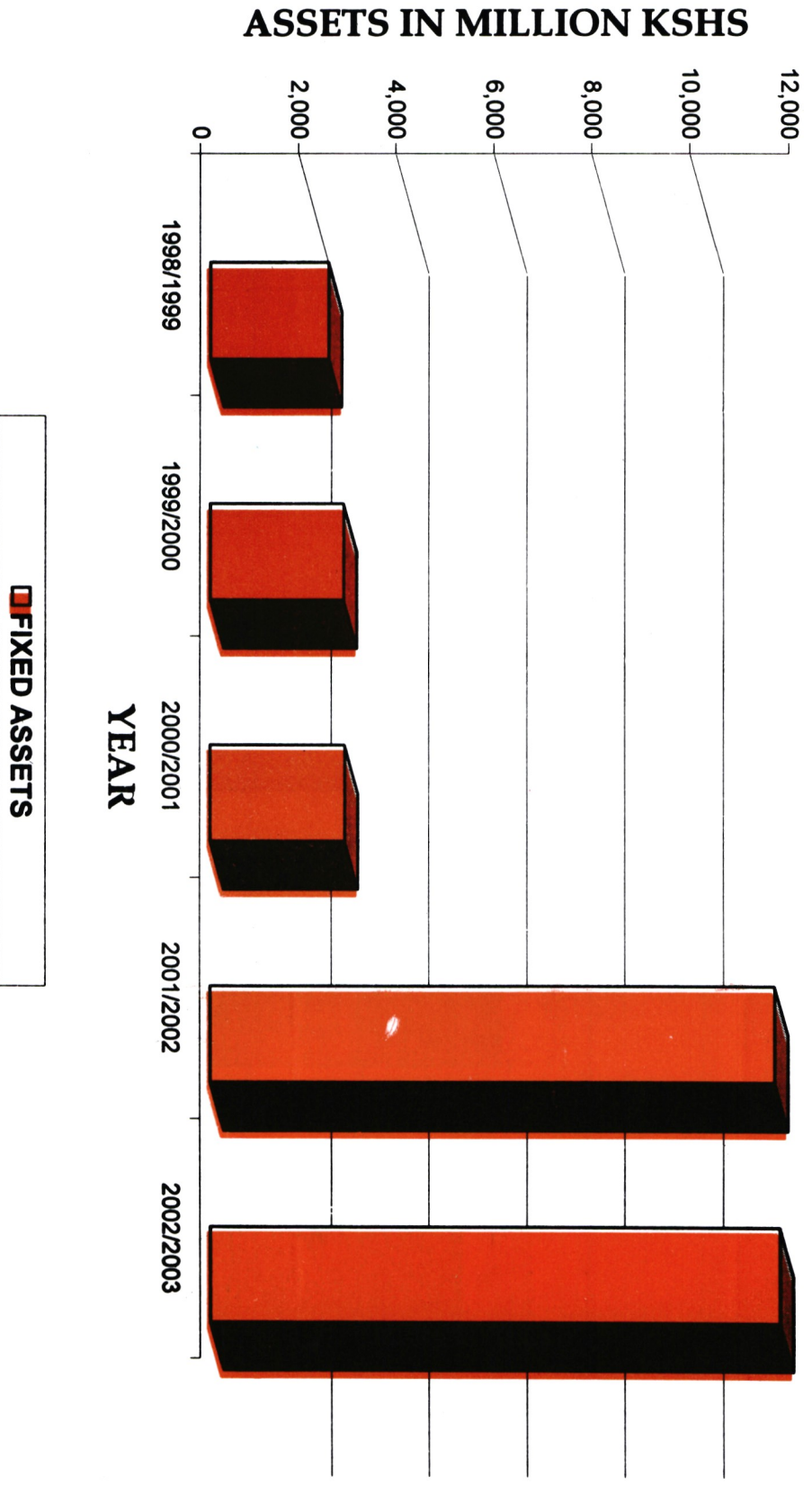
Expenditure

Research grants	293,947,760	282,672,685	319,140,906	210,570,600	134,814,635
Endowment and donations	0	0	3,000	6000	3,885,802

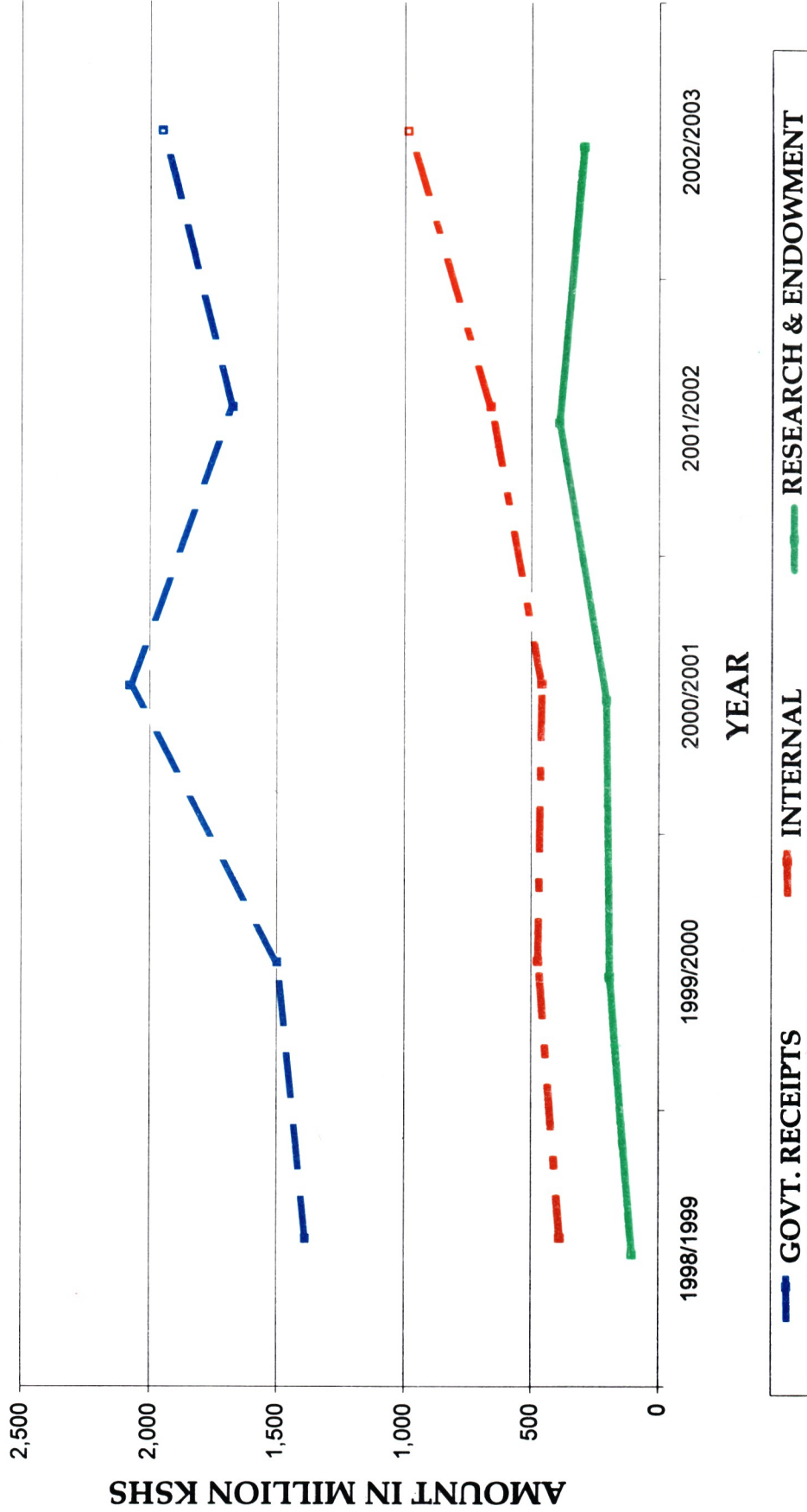
STUDENT POPULATION FROM 1999/2000 TO 2002/2003



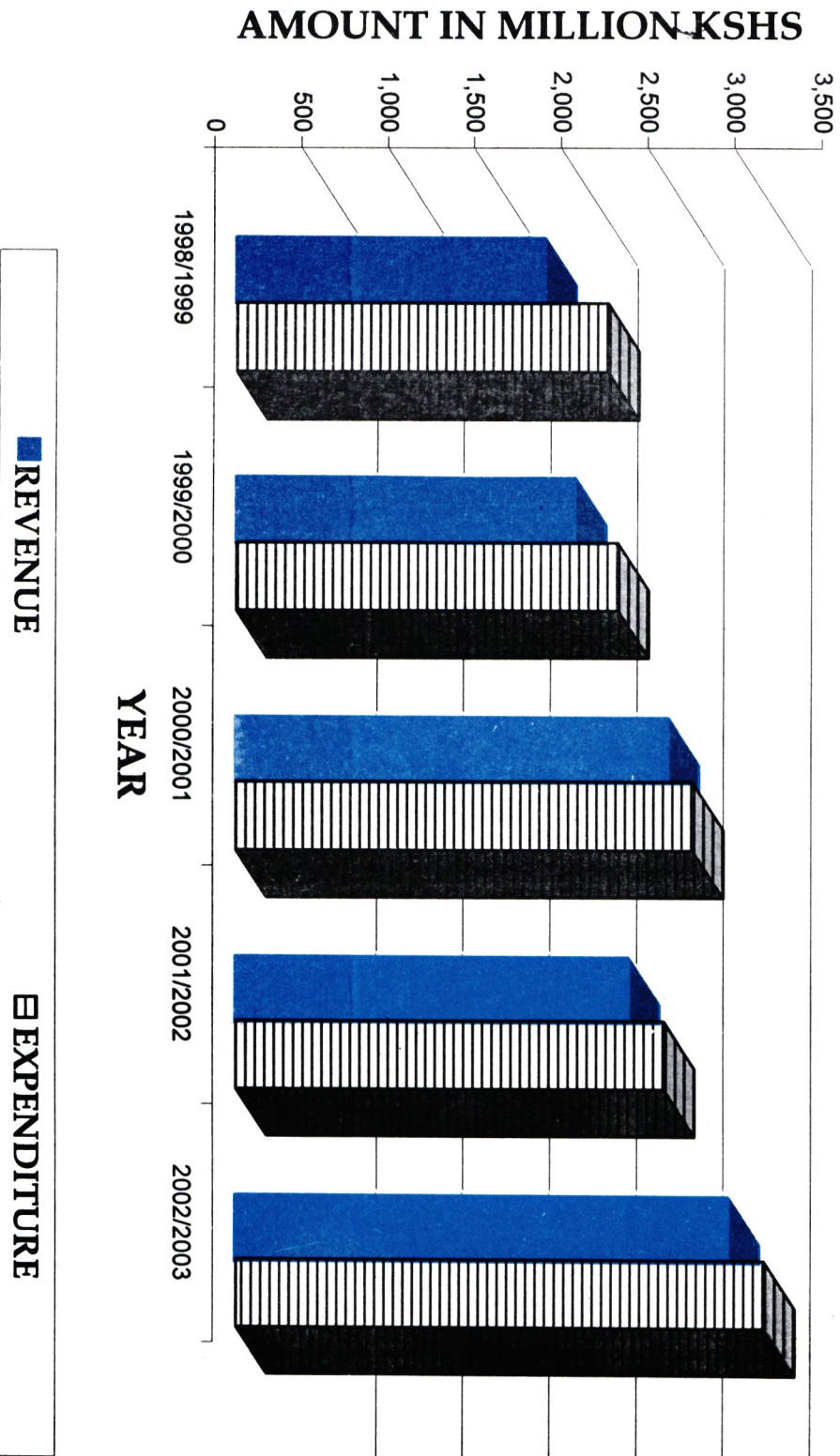
5 YEAR GROWTH OF FIXED ASSETS FROM 1998/1999 TO 2002/2003



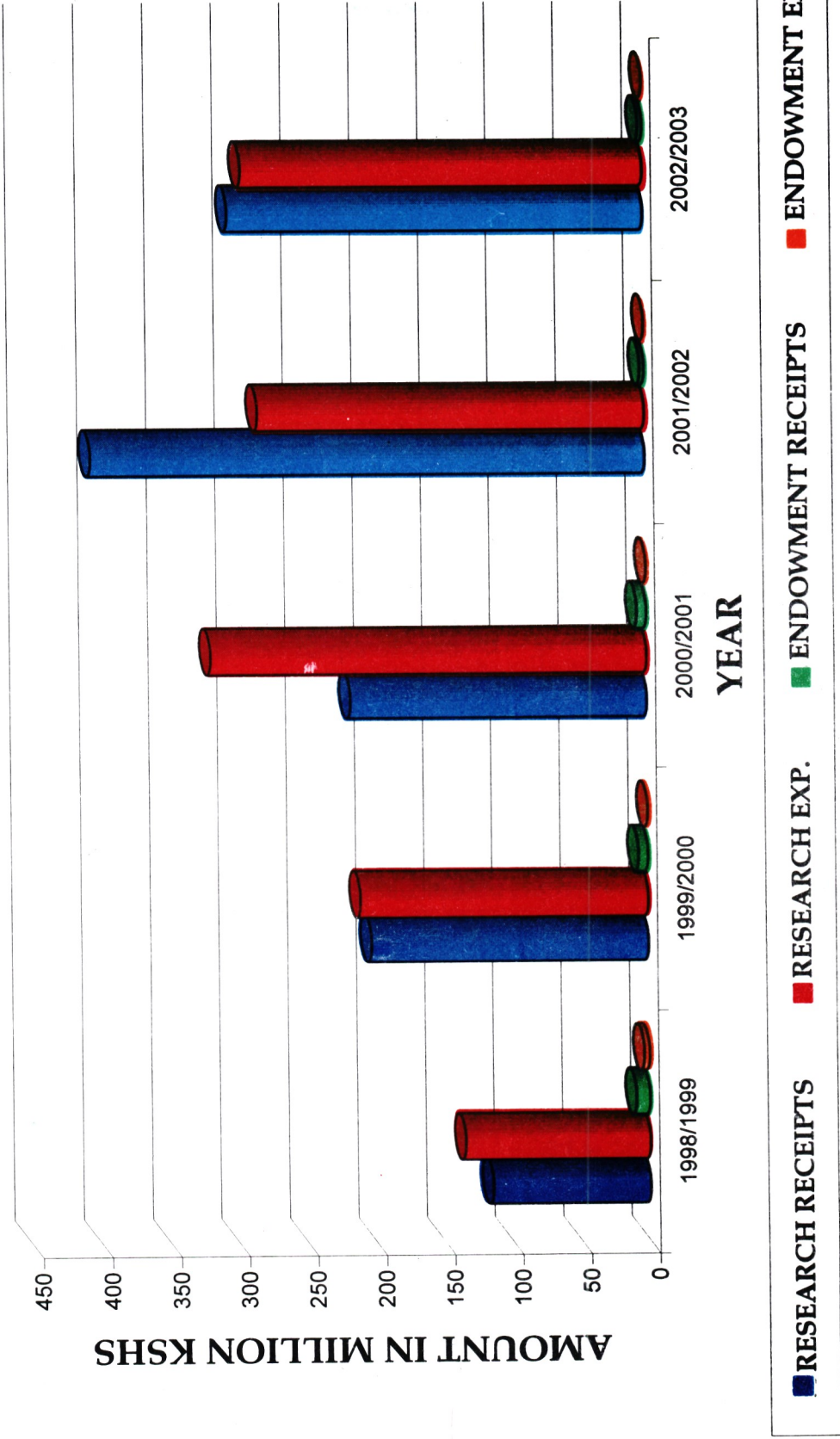
5 YEAR INCOME TREND FROM 1998/1999 TO 2002/2003



REVENUE AND EXPENDITURE FROM 1998/1999 TO 2002/2003



RESEARCH AND ENDOWMENT FROM 1998/1999 TO 2002/2003



CAPITAL DEVELOPMENT FROM 1998/1999 TO 2002/2003

